

Message Text

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ACTION EB-08

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E.O. 11652: N/A

TAGS: EAIR, CA

SUBJECT: CIVAIR - HUGHES AIRWEST FARES AND CONSULTATION
REQUEST

REFS: (A) STATE 147739; (B) OTTAWA 2606

1. SUMMARY. CANADIANS WILL NOT BE IN A POSITION TO DISCUSS HUGHES FARES BEFORE MID-JULY. THEN, IN VIEW OF VACATION PERIOD, IT WOULD NOT BE PRACTICABLE TO ARRANGE CONSULTATIONS ON HUGHES FARES AND/OR ON BROADER ISSUE OF FARE PHILOSOPHY BEFORE LATTER PART OF AUGUST. DETAILED OUTLINE OF POINTS THE US WOULD WISH TO DISCUSS IN A GENERAL FARE CONSULTATION IS REQUESTED. END SUMMARY.

2. FOLLOWING UP ON OUR REQUEST FOR CONSULTATIONS RE HUGHES AIRWEST FARES (REFTEL), FOLLOWING INFORMATION OBTAINED JUNE 23.

3. QUIRT, DIRECTOR, OPERATIONS BRANCH, AIR TRANSPORT COMMITTEE (ATC), TOLD US ATC'S VIEW AND RECOMMENDATION TO EXTERNAL AFFAIRS DEPT. WILL BE THAT CONSULTATIONS ARE NOT NECESSARY ON HUGHES FARES SINCE THAT ISSUE HAS BEEN RESOLVED. IF MORE GENERAL AIR FARE CONSULTATIONS ARE DESIRED BY US, THEN ATC WOULD LIKE TO BE INFORMED OF
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PARAMETERS OF SUCH TALKS.

4. EXTERNAL AFFAIRS DEPT. (ALAN BOYD, DIRECTOR, SCIENCE, ENVIRONMENT AND TRANSPORTATION POLICY DIVISION) TOLD US JUNE 23 THAT HE EXPECTED TO RECEIVE ATC'S RECOMMENDATION ON CONSULTATIONS VERY SOON AND WOULD GIVE US RESPONSE A.S.A.P WE EXPLAINED TO HIM THAT ATC SEEMS LIKELY TO

SUGGEST THERE IS NO NEED FOR CONSULTATIONS ON HUGHES BUT OUR FEELING IS THAT ISSUE, EVEN IF IT IS RESOLVED TO ATC'S SATISFACTION, IS NOT RESOLVED IN US VIEW AND CONSULTATIONS STILL CONSIDERED IMPORTANT BY US. WE REFERRED TO OTHER US CARRIERS' FARES ON WHICH CANADIANS NOTED DISSATISFACTION THIS SPRING AND WHICH WERE SUBSEQUENTLY MODIFIED TO MEET ATC'S WISHES, AND SAID THESE ALSO CAUSED US CONCERN. WE SAID WE WISHED TO HAVE CONSULTATIONS CONSIDER THOSE FARES, INCLUDING HUGHES FARES, AND FARE POLICY IN GENERAL. BOYD SAID HE WOULD TAKE THOSE VIEWS INTO ACCOUNT IN RESPONDING TO OUR NOTE REQUESTING CONSULTATIONS.

5. IN VIEW APPARENT DISCREPANCY IN ATC VIEW THAT HUGHES ISSUE HAS BEEN RESOLVED AND INFORMATION REFTEL A INDICATING HUGHES BELIEVES ISSUE IS STILL ACTIVE BEFORE ATC, WE SPOKE TO SULLIVAN, CHIEF, FARES, RATES AND SERVICES DIVISION OF ATC, JUNE 23. IN KEEPING WITH INFORMATION REPORTED REFTEL B, SULLIVAN REVIEWED CHRONOLOGY OF HUGHES FILING AS FOLLOWS: HUGHES FILED PACKAGE OF FARES; CANADA NOTED DISSATISFACTION AND THEN SUSPENDED THEM. THEN HUGHES' REPS MET WITH ATC CHAIRMAN AND WERE INFORMED HOW PACKAGE COULD BE MODIFIED TO BE ACCEPTABLE TO ATC. HUGHES REFILED PACKAGE WITH ACCEPTABLE MODIFICATIONS AND, ON THAT BASIS, ATC VACATED SUSPENSION ORDER. HUGHES WROTE TO ATC ASKING FOR REVIEW OF SUSPENSION; THAT LIMITED OFFICIAL USE

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REQUEST WENT TO REVIEW COMMITTEE OF ATC. REVIEW COMMITTEE DECIDED THAT THERE WAS NOTHING BEFORE ATC TO REVIEW IN VIEW OF ATC'S ACTION VACATING SUSPENSION. ON THIS LAST POINT, SULLIVAN SAID HE WOULD CHECK TO BE SURE THE REVIEW COMMITTEE HAD INFORMED HUGHES OF DECISION AND GIVE US REFERENCE.

6. BY THE END OF THE DAY, THE CANADIANS FINALLY GOT THEMSELVES SORTED OUT AND EXTAFF CALLED TO INFORM US AS FOLLOWS: THE CANADIANS WILL NOT BE ABLE TO MEET WITH US BEFORE MID-JULY TO DISCUSS HUGHES FARES SINCE THEY ARE STILL UNDER CONSIDERATION BY THE ATC REVIEW COMMITTEE (SULLIVAN AND QUIRT WERE APPARENTLY MISINFORMED). A DECISION IS NOT EXPECTED BEFORE MID-JULY. SINCE TALKS ON HUGHES FARES COULD NOT TAKE PLACE BEFORE MID-JULY, AND IN VIEW OF SUMMER VACATION SCHEDULES DURING JULY AND AUGUST, THE EARLIEST PRACTICABLE TIME FOR CONSULTATIONS ON HUGHES FARES WOULD BE THE LATTER PART OF AUGUST. THE CANADIANS WOULD BE PLEASED TO CONSULT WITH US THEN ON HUGHES FARES ALONE OR ON BROADER FARE ISSUES AS WELL. IF WE WISH TO DISCUSS BROAD FARE POLICY, EXTAFF REQUESTED WE PROVIDE THEM AN OUTLINE OF PARAMETERS OF SUCH TALKS

WITH PRECISE INDICATION OF THE POINTS WE WOULD WISH TO
COVER.

7. DEPARTMENT'S INSTRUCTIONS REQUESTED. ENDERS

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